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CITY OF GRENADA, MISSISSIPPI

SEPTEMBER 30, 2018

FINANCIAL STATEMENTS

City of Grenada, Mississippi
Financial Statements
For the Year Ended September 30, 2018

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CITY OF GRENADA, MISSISSIPPI

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council

City of Grenada, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grenada, Mississippi as of and for the year ended September 30, 2018 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grenada, Mississippi, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, the Schedule of the City's Proportionate Share of Pension Liability and the Schedule of the City's Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grenada, Mississippi basic financial statements. The introductory section and M, D & A are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections, schedule of surety bonds, reconciliation of tax assessments to fund collections and schedule of long-term debt have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2020, on our consideration of the City of Grenada, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Grenada, Mississippi's internal control over financial reporting and compliance.



Ronnie S. Windham, CPA, PLLC
Oxford, Mississippi
February 21, 2020

CITY OF GRENADA, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF GRENADA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30,2018

Our discussion and analysis of City of Grenada's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2018. Readers should also review the basic financial statements and disclosures to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of City of Grenada exceeded its liabilities and deferred inflows at the close of the 2018 fiscal year by \$21,381,025 (net position). Of this amount, the unrestricted net position showed a deficit balance of (\$14,919,852).
- The remaining net position of the City includes: \$36,081,360 invested in capital assets, net of related debt, and \$4,510,430 restricted (for Capital Projects, Economic Development, and Debt Service).
- Total assets decreased \$4,802,558 from 2017.
- Total deferred outflows of resources decreased \$204,148 from 2017.
- Total liabilities decreased \$6,966,473 from 2017.
- Total deferred inflows of resources increased \$445,536 from 2017.
- The City's total net position increased \$1,514,231 from 2017.

CITY OF GRENADA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30,2018

1) Government-wide Financial Statements. The government-wide financial statements presented on pages 13 and 14 are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The **statement of activities** presents information showing the City's change in net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities).

The government activities of the City include general government, public safety, highways and streets, culture and recreation, economic development, and debt service.

2) Fund Financial Statements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: (1) governmental funds, (2) proprietary funds and (3) fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

City of Grenada maintains 32 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, 2007 GO Bond and 2011 GO Bond which are considered to be major funds. All other funds are considered non-major and are presented in a single column. The governmental fund financial statements are presented on pages 15 through 16.

CITY OF GRENADA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018

City of Grenada adopts an annual budget. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with their respective budget.

Proprietary Funds. The City maintains three types of proprietary fund - an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for water, solid waste operations, and Golf. The fund is financed primarily through user fees.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements are presented on pages 19 through 22.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City used 3 fiduciary funds consisting of the Insurance Fund, Tax Collector Fund, and the Evidence Fund. The combined fiduciary financial statement of assets and liabilities can be found on page 23.

3) Notes to the Financial Statements. The notes, presented on pages 24 through 44, provide additional narrative and tabular information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary control and pensions on pages 45 through 53.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2018, the assets and deferred outflows of City of Grenada exceeded its liabilities and deferred inflows by \$21,381,025.

One of the largest portions of the City's net position, \$36,082,360 reflects its accumulation of funds to invest in capital assets (land, buildings, machinery and equipment, etc.). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF GRENADA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018

(Table 1)

Net Position

City of Grenada Net Position

	Governmental Activities		Business-type Activities		TOTAL		Increase	Percentage
	2018	2017	2018	2017	2018	2017	(Decrease)	Change
Assets:								
Current and other assets	12,758,702	11,736,429	2,783,928	5,992,644	15,542,630	17,729,073	(2,186,443)	-12.33%
Capital Assets, Net	39,858,845	41,420,269	13,126,323	14,181,014	52,985,168	55,601,283	(2,616,115)	-4.71%
Total Assets	<u>52,617,547</u>	<u>53,156,698</u>	<u>15,910,251</u>	<u>20,173,658</u>	<u>68,527,798</u>	<u>73,330,356</u>	<u>(4,802,558)</u>	<u>-6.55%</u>
Deferred Outflows of Resources	274,550	478,698	104,363	104,363	378,913	583,061	(204,148)	100.00%
Liabilities:								
Current and other liabilities	2,193,701	4,590,527	849,970	4,279,980	3,043,671	8,870,507	(5,826,836)	-65.69%
Long-term liabilities:								
Due Within One Year	1,102,233	1,017,640	623,978	641,381	1,726,211	1,659,021	67,190	4.05%
Due in more than one year	8,514,739	9,469,367	7,403,223	8,014,900	15,917,962	17,484,267	(1,566,305)	-8.96%
Net Pension Liability	13,114,170	12,817,169	2,780,463	2,717,986	15,894,633	15,535,155	359,478	100.00%
Total Liabilities	<u>24,924,843</u>	<u>27,894,703</u>	<u>11,657,634</u>	<u>15,654,247</u>	<u>36,582,477</u>	<u>43,548,950</u>	<u>(6,966,473)</u>	<u>-16.00%</u>
Deferred Inflows of Resources	6,586,229	6,148,298	66,067	58,462	6,652,296	6,206,760	445,536	100.00%
Net Position								
Invested in Capital Assets Net of Debt	30,839,782	31,577,117	5,241,578	5,713,733	36,081,360	37,290,850	(1,209,490)	-3.24%
Restricted:								
Debt Service	952,043	1,079,396	365,000	355,000	1,317,043	1,434,396	(117,353)	-8.18%
Capital Projects	1,859,152	905,602	9,059	9,032	1,868,211	914,634	953,577	104.26%
Economic Development	1,325,176	1,258,609	-	-	1,325,176	1,258,609	66,567	5.29%
Unrestricted	<u>(13,595,128)</u>	<u>(15,228,329)</u>	<u>(1,324,724)</u>	<u>(1,512,453)</u>	<u>(14,919,852)</u>	<u>(16,740,782)</u>	<u>1,820,930</u>	<u>-10.88%</u>
Total Net Position	<u>21,381,025</u>	<u>19,592,395</u>	<u>4,290,913</u>	<u>4,565,312</u>	<u>25,671,938</u>	<u>24,157,707</u>	<u>1,514,231</u>	<u>6.27%</u>

The City's total assets decreased \$4,802,558 during 2018 with governmental activities showing a decrease of \$743,299 and business-type activities showing a decrease of \$4,263,407.

The City's total liabilities decreased \$6,966,473 with governmental activities showing a decrease in liabilities of \$2,396,826 and business-type activities showing a decrease of \$3,430,000.

The City's net position increased \$1,820,930 from 2018, which includes a net prior period adjustment of \$2,222,330.

Additional information on unrestricted net position:

In connection with the implementation of new standards (GASB 68 & 71) on accounting and financial reporting for pensions, management presents the following additional information:

Total unrestricted net position (deficit)	(\$14,919,852)
Plus: unrestricted deficit in net position resulting from recognition of pension	<u>\$15,894,633</u>
Unrestricted net position, exclusive of the net pension liability effect	<u>\$974,781</u>

CITY OF GRENADA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018

(Table 2)

Statement of Activities
Changes in Net Position

	Governmental Activities:		Business-Type Activities		Total		(Decrease)	Change
	2018	2017	2018	2017	2018	2017	Increase	Percentage
Revenues:								
Program Revenues:								
Charges for services	\$ 1,156,892	\$ 584,111	5,666,404	5,765,706	6,823,296	6,349,817	473,479	7.46%
Operating grants and contributions	159,823	34,202	0	0	159,823	34,202	125,621	367.29%
Capital Grant and contributions	646,118	895,794	0	0	646,118	895,794	(249,676)	-27.87%
Total Program Revenues	1,962,833	1,514,107	5,666,404	5,765,706	7,629,237	7,279,813	349,424	4.80%
General Revenues:								
Property taxes	6,184,377	5,860,669			6,184,377	5,860,669	323,708	5.52%
Other taxes and licenses	5,863,658	5,507,610			5,863,658	5,507,610	356,048	6.46%
Fines and forfeitures	713,868	927,283			713,868	927,283	(213,415)	-23.02%
Intergovernmental	187,267	723,339			187,267	723,339	(536,072)	-74.11%
Investment and other revenues	700,975	542,497	27	0	701,002	542,497	158,505	29.22%
Transfers in	2,771,965	0	202,231	254,676	2,974,196	254,676	2,719,520	1067.84%
Total General Revenues	16,422,110	13,561,398	202,258	254,676	16,624,368	13,816,074	2,808,294	20.33%
Total Revenues	\$18,384,943	\$15,075,505	5,868,662	6,020,382	24,253,605	21,095,887	3,157,718	14.97%
Program Expenses:								
General government	2,564,531	2,540,345			2,564,531	2,540,345	24,186	0.95%
Public Property	1,493,275	1,244,675			1,493,275	1,244,675	248,600	19.97%
Public Safety	6,166,388	7,128,608			6,166,388	7,128,608	(962,220)	-13.50%
Streets	1,235,263	1,313,099			1,235,263	1,313,099	(77,836)	-5.93%
Motor vehicle maintenance	143,712	151,090			143,712	151,090	(7,378)	-4.88%
Planning and zoning	153,404	183,441			153,404	183,441	(30,037)	-16.37%
Recreation and senior citizens	712,083	679,763			712,083	679,763	32,320	4.75%
Health and welfare	27,104	27,138			27,104	27,138	(34)	-0.13%
Airport	838,362	662,629			838,362	662,629	175,733	26.52%
Community Service	222,784	223,369			222,784	223,369	(585)	-0.26%
Appropriations and non-departmental	100,200	83,557			100,200	83,557	16,643	19.92%
Pension Expense	1,252,783	958,464			1,252,783	958,464	294,319	30.71%
Interest and fiscal charges	372,859	384,167			372,859	384,167	(11,308)	-2.94%
Water and Sewer			5,075,096	4,680,140	5,075,096	4,680,140	394,956	8.44%
Solid Waste			757,969	683,483	757,969	683,483	74,486	10.90%
Golf			605,926	586,620	605,926	586,620	19,306	3.29%
Pension Expense			265,769	196,312	265,769	196,312	69,457	35.38%
Transfers out	2,974,196	254,676	0	0	2,974,196	254,676	2,719,520	100.00%
Total Program Expenses	18,256,944	15,835,021	6,704,760	6,146,555	24,961,704	21,981,576	2,980,128	13.56%
Increase (Decrease) in Net Position	\$ 127,999	\$ (759,516)	(836,098)	(126,173)	(708,099)	(885,689)	177,590	-20.05%

The City's governmental activities continue to be funded primarily by property taxes, which made up 39.61% of the total revenues. The other major revenue sources were sales and tourism taxes 37.56%, and other taxes and other revenue 22.83%. The major expense activities were public safety, general government, highways and streets, and pension expense, which comprise 40.38%, 16.78%, 8.08%, and 8.19% of total expenses, respectively. The City remains committed to providing the services its residents expect and need.

Business-type activities are accounted for similar to businesses and are primarily supported by user fees. The City makes every effort to keep these fees as low as possible.

FUND FINANCIAL ANALYSIS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of governmental fund reporting is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year, as of the year ended, the City's governmental funds reported a combined fund balance of \$4,193,284 which is an increase of \$2,853,001 over last year's total of \$1,340,283.

CITY OF GRENADA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30,2018

Governmental funds meeting the requirements for being reported as major funds include the General Fund, the 2007 GO Bond Fund and the 2011 GO Bond Fund. The remaining governmental funds were combined and reported as non-major governmental funds. The General Fund, the 2007 GO Bond, the 2011 GO Bond Fund, and non-major governmental funds reflected a net change in fund balance of \$2,118,928, \$15,384, and \$349,256, respectively. The 2018 year had a combined net change in fund balances of \$2,853,001.

Major Fund Budgeting Highlights

The City's budget is prepared according to Mississippi law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. One of the most significant budgeted funds is the General Fund.

During the course of 2018, the City amended its General Fund budget. All recommendations for budget changes come from the Chief Administrative Officer and are presented to the City Manager and City Council, as a whole, for ordinance enactment on the change. The City amends the budget according to Mississippi law. With the general fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the City had \$86,418,464 invested in a broad range of capital assets, including police, fire, solid waste equipment, highways, streets, water, solid waste equipment, sewer systems, and golf equipment (See Table 3 following). This amount represents a net decrease (including additions, deletions, and adjustments) of approximately \$2,616,113 over the prior year. The following table is a summary of changes in capital assets, net of accumulated depreciation.

(Table 3)

CAPITAL ASSETS AT YEAR-END

(Capital Assets are Presented Net of Accumulated Depreciation)

City of Grenada Capital Assets

	Governmental Activities:		Business-Type Activities:		Total		(Decrease) Increase	Change Percentage
	2018	2017	2018	2017	2018	2017		
Land	\$ 5,328,260	\$ 5,328,260	424,801	424,801	\$ 5,753,061	\$ 5,753,061	\$ -	0.00%
Buildings	17,531,618	18,170,553	0	0	17,531,618	18,170,553	(638,935)	-3.52%
Improvements other than buildings	5,351,865	6,021,512	0	0	5,351,865	6,021,512	(669,647)	-11.12%
Machinery and equipment	3,749,223	3,852,913	0	0	3,749,223	3,852,913	(103,690)	-2.69%
Infrastructure	7,897,880	7,993,523	0	0	7,897,880	7,993,523	(95,643)	-1.20%
Construction in progress	0	0	0	0	-	-	-	0.00%
Water and Sewer system	0	0	12,701,522	13,794,388	12,701,522	13,794,388	(1,092,866)	-7.92%
Vehicles	0	0	0	15,332	-	15,332	(15,332)	-100.00%
Construction in progress	0	0	0	0	-	-	-	0.00%
Total Governmental Activities	\$ 39,858,846	\$ 41,366,761	\$ 13,126,323	\$ 14,234,521	\$ 52,985,169	\$ 55,601,282	\$ (2,616,113)	-4.71%

City of Grenada continues to provide for the growth and stability of its citizenry through various acquisitions of equipment and construction and rehabilitation projects.

CITY OF GRENADA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018

Long-term Debt

At year-end, the City had \$17,620,534 in long term debt outstanding compared to \$19,088,131 last year, a decrease of \$1,467,597. Of the total debt outstanding, \$8,105,000 is backed by the full faith and credit of the City with debt service funded by voter-approved property taxes. The other components are a Revenue Bond and Leases paid by Water & Sewer Revenue in the amount of \$7,884,743 and compensated absences in the amount of \$740,365.

The following table illustrates the total Long-term Debt of City of Grenada as of September 30, 2018:

(Table 4)
LONG-TERM DEBT
Outstanding at Year-end

City of Grenada Long-Term Obligations at Year End

	Governmental Activities:		Business-Type Activities:		Total		(Decrease)	Change
	2018	2017	2018	2017	2018	2017	Increase	Percentage
General obligations bond	\$ 8,105,000	\$ 8,875,000			\$ 8,105,000	\$ 8,875,000	\$ (770,000)	-8.68%
Revenue bonds	-	-	4,920,000	5,275,000	4,920,000	5,275,000	(355,000)	-6.73%
Loans and Capital Leases	914,064	968,152	2,941,105	3,192,281	3,855,169	4,160,433	(305,264)	-7.34%
Compensated absences	597,909	643,855	142,456	133,843	740,365	777,698	(37,333)	-4.80%
Total Governmental Activities	9,616,973	10,487,007	8,003,561	8,601,124	\$ 17,620,534	\$ 19,088,131	\$ (1,467,597)	-7.69%

More detailed information about the City's long-term debt is presented in Notes to Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when compiling and approving the fiscal year 2019 budget, such as tax rates for governmental activities and fees that will be charged for the business-type activities. The total property tax millage rate of 61.19 mills is expected to provide adequate funding in the following year.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need any additional information, address requests to the City Clerk, P.O. Box 310, Grenada, MS 38902-0310.

CITY OF GRENADA, MISSISSIPPI

FINANCIAL STATEMENTS

City of Grenada, Mississippi
Statements of Net Position
September 30, 2018

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash	4,021,430	1,249,665	5,271,095
Receivables, net allowance for uncollectibles	6,260,550	1,012,130	7,272,680
Due from other governments	791,368	0	791,368
Due from other funds	1,181,802	0	1,181,802
Inventory	0	113,805	113,805
Resolute Forest Stock	225,628	0	225,628
Unamortized bond issuance cost	111,167	403,539	514,706
Other Assets	166,757	4,789	171,546
Capital assets:	0	0	0
Non-depreciable	5,328,260	424,401	5,752,661
Depreciable, net	34,530,585	12,701,922	47,232,507
Total Assets	<u>\$ 52,617,547</u>	<u>\$ 15,910,251</u>	<u>\$ 68,527,798</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows related to pensions	\$ 274,550	\$ 104,363	378,913
LIABILITIES			
Accounts payable	356,222	473,364	829,586
Accrued liabilities	729,287	54,817	784,104
Accrued Interest	0	0	0
Due to other funds	884,628	41,479	926,107
Due to other governments	223,564	280,310	503,874
Due within one year:	0	0	0
Bonds and leases payable	1,102,233	623,978	1,726,211
Noncurrent Liabilities:			
Due in more than one year:	0	0	0
Leases payable	706,830	2,705,767	3,412,597
Bonds payable	7,210,000	4,555,000	11,765,000
Compensated absences	597,909	142,456	740,365
Net Pension Liability	13,114,170	2,780,463	15,894,633
Total Liabilities	<u>\$ 24,924,843</u>	<u>\$ 11,657,634</u>	<u>\$ 36,582,477</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax for future reporting period	6,260,550	\$ -	6,260,550
Deferred Inflows related to pensions	325,679	\$ 66,067	391,746
NET POSITION			
Invested in capital assets, net of related debt	30,839,782	5,241,578	36,081,360
Restricted for:	0	0	0
Debt service	952,043	365,000	1,317,043
Capital projects	1,859,152	9,059	1,868,211
Special Revenue	1,325,176	0	1,325,176
Unrestricted	(13,595,128)	(1,324,724)	(14,919,852)
Total Net Position	<u>\$ 21,381,025</u>	<u>\$ 4,290,913</u>	<u>\$ 25,671,938</u>

The accompanying notes are an integral part of the financial statements

CITY OF GRENADA, MISSISSIPPI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Program Revenues				Net (Expenses) Revenues & Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contribution \$	Capital Grants and Contribution \$	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,564,531	\$ 739,924	\$ -	\$ -	\$ (1,824,607)	\$ -	\$ (1,824,607)
Public Property	1,493,275	242,213	0	228,211	(1,022,851)	0	(1,022,851)
Public Safety	6,166,388	0	131,082	74,733	(5,960,573)	0	(5,960,573)
Streets and sanitation	1,235,263	0	0	0	(1,235,263)	0	(1,235,263)
Motor vehicle maintenance	143,712	0	0	0	(143,712)	0	(143,712)
Planning and zoning	153,404	0	0	0	(153,404)	0	(153,404)
Recreation and senior citizens	712,083	37,980	16,103	0	(658,000)	0	(658,000)
Health and welfare	27,104	0	12,638	0	(14,466)	0	(14,466)
Airport	838,362	136,775		343,174	(358,413)	0	(358,413)
Community Service	222,784	0			(222,784)	0	(222,784)
Appropriations	100,200	0	0	0	(100,200)	0	(100,200)
Interest on long-term debt	372,859	0	0	0	(372,859)	0	(372,859)
Pension Expense	1,252,783				(1,252,783)	0	(1,252,783)
Total Governmental activities	<u>\$15,282,748</u>	<u>\$1,156,892</u>	<u>\$ 159,823</u>	<u>\$ 646,118</u>	<u>\$ (13,319,915)</u>	<u>\$ -</u>	<u>\$ (13,319,915)</u>
Business-type activities:							
Water and Sewer	5,075,096	4,547,219				(527,877)	(527,877)
Solid Waste	757,969	805,163				47,194	47,194
Dogwoods Golf	605,926	314,022				(291,904)	(291,904)
Pension Expense	265,769					(265,769)	(265,769)
Total business-type activities	<u>6,704,760</u>	<u>5,666,404</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,038,356)</u>	<u>(1,038,356)</u>
Total	<u>\$21,987,508</u>	<u>\$6,823,296</u>	<u>\$ 159,823</u>	<u>\$ 646,118</u>	<u>\$ (13,319,915)</u>	<u>\$ (1,038,356)</u>	<u>\$ (14,358,271)</u>
General revenues:							
Taxes:							
Taxes levied for general purpose					6,184,377	0	6,184,377
Sales and gas taxes					5,288,926	0	5,288,926
Occupational licenses and franchise fees					574,732	0	574,732
Fines and forfeitures					713,868	0	713,868
Grants and contributions not restricted to specific programs					0	0	0
Homestead exemption reimbursement					187,267	0	187,267
Other intergovernmental revenues and grants					0	0	0
Investment earnings					98	27	125
Miscellaneous					400,727	0	400,727
Transfers in					2,771,965	202,231	2,974,196
Sales of Assets					300,150	0	300,150
Transfers out					(2,974,196)	0	(2,974,196)
Total general revenues & transfers					<u>13,447,914</u>	<u>202,258</u>	<u>13,650,172</u>
Change in net assets					127,999	(836,098)	(708,099)
Net assets-beginning					19,592,395	4,565,312	24,157,707
Prior Year adjustments					1,660,631	561,699	2,222,330
Net assets-ending					<u>\$ 21,381,025</u>	<u>\$ 4,290,913</u>	<u>25,671,938</u>

The accompanying notes are an integral part of the financial statements

CITY OF GRENADA, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	2011 GO Bond	2007 GO Bond	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ (298,483)	\$ 596	\$ 55	\$ 4,319,262	4,021,430
Receivables:					
Property Taxes	5,034,369	0		1,226,181	6,260,550
Due from Other Funds	890,323	0		291,479	1,181,802
Due from Other Governments	744,370	0		46,998	791,368
Resolute Forest Stock	0	0		225,628	225,628
Other	0	0		166,757	166,757
Total Assets	<u>\$ 6,370,579</u>	<u>\$ 596</u>	<u>\$ 55</u>	<u>\$ 6,276,305</u>	<u>\$ 12,647,535</u>

LIABILITIES AND FUND BALANCES:

Liabilities:					
Accounts Payable	317,486	0		38,736	356,222
Accrued Liabilities	255,878	0		473,409	729,287
Due to Other Governments	223,564			0	223,564
Due to Other Funds	250,000	0		634,628	884,628
Deferred Revenue	5,012,427	0		1,248,123	6,260,550
Total Liabilities	<u>6,059,355</u>	<u>0</u>	<u>0</u>	<u>2,394,896</u>	<u>8,454,251</u>

Fund Balances

Reserved for:					
Special Projects	0	0		0	0
Unreserved, reported in:					0
General Fund	311,224	0		0	311,224
Debt Service Funds	0	0		1,357,649	1,357,649
Special Revenue Funds	0	0		1,372,174	1,372,174
Capital Projects Funds	0	596	55	1,151,586	1,152,237
Total Fund Balances as adjusted	<u>311,224</u>	<u>596</u>	<u>55</u>	<u>3,881,409</u>	<u>4,193,284</u>
Total Liabilities & Fund Balances	<u>\$ 6,370,579</u>	<u>\$ 596</u>	<u>\$ 55</u>	<u>\$ 6,276,305</u>	<u>12,647,535</u>

The accompanying notes are an integral part of the financial statements

CITY OF GRENADA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Total Fund Balance-Total Governmental Funds	\$ 4,193,284
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	
Governmental capital assets net of accumulated depreciation	39,858,845
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	
Bonds Costs Less current year amortization	111,167
Compensated Absences	(597,909)
Long-term liabilities, including bonds payable are not due payable in the current period and therefore are not reported in governmental funds	(9,019,063)
Net Pension obligations are not due and payable in the current period and are not reported in the funds	\$ (13,114,170)
Deferred inflows and outflows of resources related to pensions are applicable to future periods and not reported in the funds	(51,129)
Net Position of Government Activities	<u>\$ 21,381,025</u>

The accompanying notes are an integral part of the financial statements

CITY OF GRENADA, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	2011 GO BOND	2007 GO BOND	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	4,957,557	0	0	1,226,820	6,184,377
Franchise fees	481,944	0	0	0	481,944
Licenses and permits	92,788	0	0	0	92,788
Administrative fee	739,924	0	0	0	739,924
Intergovernmental	5,243,499	0	0	1,038,635	6,282,134
Fines and forfeits	713,868	0	0	0	713,868
Grand Gulf in lieu of taxes	161,989	0	0	0	161,989
Recreation fees	37,980	0	0	0	37,980
Confiscated monies	0	0	0	0	0
Rent	146,231	0	0	95,981	242,212
Interest	0	0	0	98	98
Miscellaneous	211,759	0	0	163,754	375,513
TOTAL REVENUES	12,787,539	0	0	2,525,288	15,312,827
EXPENDITURES:					0
General Government	1,711,755	0	0	128,248	1,840,003
Public property	1,090,430	0	0	0	1,090,430
Public safety	5,952,404	0	0	9,751	5,962,155
Streets and sanitation	1,235,263	0	0	0	1,235,263
Motor vehicle maintenance	143,712	0	0	0	143,712
Planning and zoning	153,404	0	0	0	153,404
Recreation and senior citizens	554,029	0	0	56,887	610,916
Community Services	222,784			0	222,784
Health and welfare	0	0	0	27,104	27,104
Airport	0	0	0	442,770	442,770
Appropriations and non-departmental	100,200	0	0	0	100,200
Unrealized decline in value	0	0	0	0	0
Capital Outlay	17,291	0	0	244,777	262,068
Debt service:	0	0	0	0	0
Principal retirement	42,894	300,000	110,000	516,010	968,904
Interest and other	1,307	0	0	339,341	340,648
TOTAL EXPENDITURES	11,225,473	300,000	110,000	1,764,888	13,290,361
Excess (deficiency) of revenues over expenditures	1,562,066	(300,000)	(110,000)	760,400	2,022,466
Other financing sources (uses):					0
Sales of assets	300,150			0	300,150
Bond and loan proceeds	0	0	0	144,815	144,815
Transfers in	0	300,000	110,000	2,771,965	3,181,965
Transfers out	0	0	0	(2,974,196)	(2,974,196)
Total other financing sources (uses)	300,150	300,000	110,000	(57,416)	652,734
Net change in Fund Balances	1,862,216	0	0	702,984	2,565,200
Fund Balances-Beg of year	(1,807,704)	(348,658)	(15,329)	3,511,974	1,340,283
Prior Year adjustments	256,712	349,254	15,384	(333,549)	287,801
Fund Balances - End of year	311,224	596	55	3,881,409	4,193,284

The accompanying notes are an integral part of the financial statements

CITY OF GRENADA, MISSISSIPPI
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUNDS BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENTS OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Net change in fund balances-total governmental funds		\$ 2,565,200
Amounts reported for governmental activities in the statement are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	262,068	
Less current year depreciation	<u>(1,823,490)</u>	(1,561,422)
Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of bond and loan principal repayments.		(968,904)
Proceeds of long-term debt is another financing source in the governmental funds, but the proceeds increase long-term liabilities in the statement of net assets. This is the amount of note payable proceeds		144,915
Some expenses reported in the Statement of Activities do not require the use of current available resources and therefore are not reported as expenditures in the governmental funds		563,238
Amortization of bonds costs		(4,833)
Decrease in accrual for compensated absences		(45,946)
Change in accrual adjustment		431,624
Some items reported in the statement of Activities relating to GASB 64 are not reported in the governmental funds.		
Recording of pension expense for the current period		(1,252,783)
Recording of contributions made subsequent to the measurement date		256,910
Change in Net Assets of Governmental Activities		<u><u>\$ 127,999</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF GRENADA, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Business Type Activities-Enterprise Fund

ASSETS	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total
Current Assets:				
Cash and Cash equivalents	\$ 539,966	\$ 656,861	\$ 43,779	\$ 1,240,606
Accts Rec less allowance	670,569	323,544	\$ 8,272	1,002,385
Due from other funds	0	0	0	0
Due from other govt	0	0	0	0
Bond Escrow	4,139	0	0	4,139
Inventory	108,805	0	5,000	113,805
Total Current Assets	1,323,479	980,405	57,051	\$ 2,360,935
Non-Current Assets:				
Restricted:				
Cash	\$ 9,059			\$ 9,059
Capital Assets:				
Land	424,401			424,401
Building and improvements	93,013			93,013
Water and sewer system	42,548,663			42,548,663
Equipment	1,916,914	50,458	575,953	2,543,325
Vehicles	868,008	54,416	27,791	950,215
Less accumulated depreciation	(32,943,682)	(91,124)	(398,490)	(33,433,296)
Total Fixed Assets	12,907,317	13,750	205,254	13,126,321
Non Current Assets				
Unamortized bond costs	1,035,562	0	0	1,035,562
Accumulated Amortization	(632,024)	0	0	(632,024)
Prepaid Leases	0	0	23,638	23,638
Deposits	650	0	0	650
Total Non Current Assets	404,188	0	23,638	427,826
Total Assets:	14,644,043	994,155	285,943	15,924,141

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows related to pensions	46,270	\$ (316)	\$ 15,465	61,419
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The accompanying notes are an integral part of the financial statements

CITY OF GRENADA, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018
Business Type Activities-Enterprise Fund

	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total
LIABILITIES:				
Current Liabilities:				
Accounts Payable	383,906	65,331	24,126	473,363
Accrued Payroll	29,222	0	9,648	38,870
Accrued liabilities	6,757	0	2,002	8,759
Accrued sales taxes	6,477	0	712	7,189
Due to other government	280,310	0	0	280,310
Due to other funds	41,479	0	0	41,479
Employer Contribution Payable	0	0	0	0
Leases payable-current	258,978	0	23,638	282,616
Revenue bonds payable	365,000	0	0	365,000
Total Current Liabilities	<u>1,372,129</u>	<u>65,331</u>	<u>60,126</u>	<u>1,497,586</u>
Non-Current Liabilities:				
Leases payable after one year	2,682,128		0	2,682,128
Revenue Bonds Payable	4,555,000		0	4,555,000
Compensated Absences	107,466	534	34,456	142,456
Net Pension Liability	2,101,302	14,225	664,936	2,780,463
Total Non-current Liabilities	<u>9,445,896</u>	<u>14,759</u>	<u>699,392</u>	<u>10,160,047</u>
Total Liabilities	<u>\$ 10,818,025</u>	<u>\$ 80,090</u>	<u>\$ 759,518</u>	<u>\$ 11,657,633</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	<u>\$ 50,236</u>	<u>\$ 527</u>	<u>\$ 15,304</u>	<u>66,067</u>
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NET POSITION

Invested in capital assets	3,046,211	13,750	205,254	3,265,215
Restricted:	0	0	0	0
Debt Service	365,000	0	0	365,000
Capital Projects	9,059	0	0	9,059
Unrestricted	<u>\$ 401,782</u>	<u>899,472</u>	<u>(678,668)</u>	<u>622,586</u>
Total Net Position	<u>\$ 3,822,052</u>	<u>\$ 913,222</u>	<u>\$ (473,414)</u>	<u>\$ 4,261,860</u>

The accompanying notes are an integral part of the financial statements

CITY OF GRENADA, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Business-Type Activities-Enterprise Funds

	Water and Sewer	Solid Waste	Golf	Total
Operating revenues:				
Water Sales	\$ 2,930,534	\$ -	0	\$ 2,930,534
Sewer Sales	1,290,426	0	0	1,290,426
Garbage fees	0	805,163	0	805,163
Other charges for services	326,259	0	0	326,259
Grants	0	0	0	0
Golf fees	0	0	182,998	182,998
Sponsorships	0	0	68,425	68,425
Food and Beverage	0	0	35,561	35,561
Golf Merchandise	0	0	27,038	27,038
Total Operating revenues	4,547,219	805,163	314,022	5,666,404
Operating Expenses:				
Salaries and wages	\$ 814,786	\$ 20,465	\$ 239,911	1,075,162
Payroll taxes and retirement	187,655	4,635	48,813	241,103
Pension Expense	201,391	5,046	59,332	265,769
Insurance	263,280	9,117	63,101	335,498
Supplies, material and maintenance	889,105	0	153,711	1,042,816
Utilities and communications	374,697	0	21,520	396,217
Contractual services	306,331	680,395	37,919	1,024,645
General and administrative	896,444	43,357	2,459	942,260
Depreciation	1,016,200	0	38,492	1,054,692
Amortization	148,735			148,735
Total operating expenses	5,098,624	763,015	665,258	6,526,897
Income (loss) from operations	(551,405)	42,148	(351,236)	(860,493)
Non-operating revenues, expenses:				
Interest income	27		0	27
Interest expenses	(177,864)		0	(177,864)
Transfer Out	(355,000)			(355,000)
Transfer In	355,000		202,231	557,231
	(177,837)	0	202,231	24,394
Changes in net position	(729,242)	42,148	(149,005)	(836,099)
Net position-beginning	4,775,576	747,841	(958,102)	4,565,315
	(224,281)	123,231	633,694	532,644
Net position-ending	\$ 3,822,053	\$ 913,220	\$ (473,413)	\$ 4,261,860

The accompanying notes are an integral part of the financial statements

CITY OF GRENADA, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Water	Solid	Golf	Total
<u>Cash flows from operating activities:</u>				
Cash received from customers	\$ 4,940,413	\$ 805,163	\$ 314,022	\$ 6,059,598
Cash payments for goods and services	(2,365,901)	(680,395)	(205,869)	(3,252,165)
Cash payments for payroll, payroll taxes and retirement	(1,261,842)	(33,683)	(347,624)	(1,643,149)
Cash received-operating grant	-	-	-	-
Net cash provided by operating activities	1,312,670	91,085	(239,471)	1,164,284
<u>Cash flows from non-capital financing activities:</u>				
Advances from other funds	(270,244)	(304,637)	281,854	(293,027)
Net cash provided by non-capital financing activities	(270,244)	(304,637)	281,854	(293,027)
<u>Cash flows from capital and related financing activities:</u>				
Repay other funds	-	-	-	-
New debt	-	-	-	-
Principal payments on capital leases	(21,676)	-	(4,710)	(26,386)
Interest on capital leases	(6,172)	-	-	(6,172)
Acquisition and construction of capital assets	-	-	-	-
Principal payments on loan	(224,790)	-	-	(224,790)
Interest payments on revolving loan	(99,176)	-	-	(99,176)
Retirement of revenue bonds	(355,000)	-	-	(355,000)
Interest paid on revenue bonds	(130,169)	-	-	(130,169)
Net cash provided (used) by capital and related financing activities	(836,983)	-	(4,710)	(841,693)
<u>Cash flows from investing activities:</u>				
Interest received on cash and cash equivalents	27	-	-	27
Net cash provided (used) by investing activities	27	-	-	27
Net increase (decrease) in cash for the year	205,470	(213,552)	37,673	29,591
Cash and cash equivalents, beginning of year	334,496	870,413	6,106	1,211,015
Cash and cash equivalents, end of year	539,966	656,861	43,779	1,240,606
To net Cash provided by operating Activities:				
Income (loss) from operations	\$ (551,405)	\$ 42,148	\$ (351,236)	\$ (860,493)
<u>Adjustments to reconcile operating income to net cash provided by operating activities:</u>				
Pension Expense	201,391	5,046	59,332	\$ 265,769
Depreciation	1,016,200	-	38,492	1,054,692
Amortization	148,735	-	-	148,735
Changes in assets and liabilities:				
(Increase) decrease in net accounts receivable	(100,598)	-	-	(100,598)
(Increase) decrease in due from other funds	1,112,306	57,839	225,644	1,395,789
(Increase) decrease in deferred outflows	(32,542)	-	9,587	(22,955)
(Increase) decrease in other liabilities	7,866	-	-	7,866
Increase (decrease) in accounts payable	169,166	-	12,341	181,507
Increase (decrease) in due to other funds	-	-	(242,291)	(242,291)
(Increase) decrease in accrual for compensated absences	(3,878)	-	(4,200)	(8,078)
(Increase) decrease in Pension Liability	(53,106)	(13,948)	(13,948)	(81,002)
(Increase) decrease in other assets	-	-	31,518	31,518
Increase (decrease) in bonds payable	(355,000)	-	-	(355,000)
Increase (decrease) in leases payable	(246,465)	-	(4,710)	(251,175)
Net Cash provided by operating activities	\$ 1,312,670	\$ 91,085	\$ (239,471)	\$ 1,164,284

The accompanying notes are an integral part of the financial statements

CITY OF GRENADA, MISSISSIPPI
AGENCY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Insurance Fund	Tax Collector's Fund	Evidence Fund	Total
ASSETS				
Cash	182,807	-54,316	20,533	149,024
Due from Governmental Funds	0	0		0
Due from Other Funds	0	165,317	0	165,317
Due from others		0		0
Total Assets	<u>182,807</u>	<u>111,001</u>	<u>20,533</u>	<u>314,341</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	20,533	20,533
Due to other funds	169,691	86,004		255,695
Due to others	13,116	24,997		38,113
Due to Governmental Fund		0		0
Total Liabilities	<u>\$ 182,807</u>	<u>\$ 111,001</u>	<u>\$20,533</u>	<u>314,341</u>

The accompanying notes are an integral part of the financial statements

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Grenada, Mississippi (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

Primary Governments

The City of Grenada is located in Grenada County, Mississippi, and operates under a Council-Manager form of government. The City provides the following services to the citizenry: general administration; police and fire protection; street repair; water, sanitary sewer, and garbage disposal; parks and library services; and Golf Course. The primary sources of revenues are property taxes, sales taxes, and utility billings. For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the City's governing board. As required by generally accepted accounting principles, various criteria are applied in order to determine any component units that should be reported as part of the City. Such criteria include management oversight responsibility by the elected officials such as decision-making authority, accountability to the City, legal and financial responsibility, and inter-agency relationships. Based upon the application of these criteria, there are no component units required by GAAP to be reported as part of the reporting entity of the City. The following represents an entity to which the City has a combined interest in conjunction with another government:

Elizabeth Jones Library - The City has a Joint interest with Grenada County. The City currently levies a 1.4250 mill tax to support the library. This tax levy is remitted to the library monthly as it is collected.

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements, and the accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the City as a whole. The statements include all non-fiduciary activities of the primary government and its component unit. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the City at year end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the City.

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30,2018

Fund Financial Statements:

Fund financial statements of the City are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column Non-Major Governmental Funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property tax revenues are recognized in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the City. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus but use the accrual basis of accounting.

The revenue and expenses of Proprietary funds are classified as operating or non-operating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as non-operating.

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The City reports the following major governmental funds:

General Fund – The general fund is the primary operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

2007 G O Bond Fund – This fund accounts for the proceeds and expenditures of public obligation debt issued by the city. Expenditures are primarily for public works projects.

2011 G O Bond Fund – This fund accounts for the proceeds and expenditures of public obligation Debt issued by the city. Expenditures are primarily for public works projects.

The City reports the following proprietary funds.

Water & Sewer Fund-This fund accounts for revenues and expenses related to potable water and sanitary sewer services provided to residents of the City.

Solid Waste Fund – This fund accounts for revenues and expenses for Solid Waste Disposal for residents of the city.

Dogwoods Golf Course – This fund accounts for revenues & expenses for Golf fees for the public.

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

Additionally, the City reports the following fund types:

PROPRIETARY FUND TYPES

Enterprise Funds- These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the city has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

FIDUCIARY FUND TYPES

Agency Funds- These funds account for various taxes, deposits and other monies collected or held by the City, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in Governmental Accounting, Auditing and Financial Reporting as issued in 2012 by the Government Finance Officers Association.

E. Deposits and Investments

State law authorizes the City to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the City may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. The City deposits excess funds in financial institutions selected by the City Council. State statutes specify how these depositories are to be selected.

F. Receivables

Receivables are reported net of allowance for uncollectible accounts, where applicable.

G. Inter-fund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds". Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances".

H. Restricted Assets

Proprietary Fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, City Council resolutions and donor specifications have been reported as restricted assets. When both restricted and non-restricted assets are available for use, the policy is to use restricted assets first.

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

I. Capital Assets, Depreciation, and Amortization

Capital asset acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated, the methods of estimation are not readily available. The City generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. Donated capital assets are recorded at estimated fair market value at the time of donation. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. Interest cost incurred during the construction of Proprietary Fund capital assets is capitalized as part of the cost of construction. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year.

The following schedule details those thresholds and estimated useful lives:

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ No minimum	N/A
Infrastructure	No minimum	20-50 years
Building	50,000	20-40 years
Improvements other than buildings	25,000	20 years
Mobile equipment and machinery	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital lease	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

J. Deferred Outflows / inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows related to pensions — This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 7 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows related to pensions — This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 7 for additional details.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

L. Long-Term Liabilities

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of non-current or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances but may also include liabilities on lease-purchase agreements and other commitments.

In government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities Statement of Net Position.

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

M. Equity Classifications

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

Invested in capital assets, net of related debt- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position- All other net position not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

Net Position Flow Assumption — When an expense is incurred for purposes for which both restricted and unrestricted (unassigned) resources are available, it is the City's general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (unassigned) resources are available and amounts in any of these unrestricted classifications could be used, it is the City's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Government fund balance is classified as restricted or unassigned. The following are descriptions of fund classifications used by the City:

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for a specific purpose exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption - When expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

N. Risk Management

The City carries commercial insurance with respect to risks including, but not limited to, property damage and personal injury. Insurance coverage remains relatively constant, and settlements amounts have not exceeded insurance coverage for the current year.

O. Estimates and Assumptions

A number of estimates and assumptions relating to the reporting of revenues, expense, expenditures, assets and liabilities, and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

P. Property Taxes

Numerous statutes exist under which the City may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the City. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The City, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All unpaid taxes levied October 1st become delinquent February 1st of the following year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. The City entered an inter-local agreement with Grenada County Tax Collector for the collection of its taxes for motor vehicles and mobile homes. Taxes for motor vehicles and mobile homes are collected and remitted to the City by the Grenada County Tax Collector each month. The millage rate for the City for the 2017 tax year was 61.19 mills as: 47.85 mills for the general fund, 11.915 mills for the debt service fund, and 1.425 mills for the library fund.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

Q. Intergovernmental Revenues in Governmental Funds

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

R. Compensated Absences

Compensated Employee Absences

Employees can accumulate vacation days and sick days up to a maximum at which point any additional days are not lost. Employees are completely vested in vacation days up to the maximum that they can take or be paid for upon termination.

S. Changes in Accounting Standards

The City implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 77, Tax Abatement Disclosures and GASB Statement No. 82, Pension Issues — and amendment of GASB Statements No. 67, No. 68, and No. 73. The provisions of these standards have been incorporated into the financial statements and notes; however, no disclosure for Statement No. 77 is required for the current fiscal year.

NOTE 2 - BUDGET POLICY

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to August 1st, the City Clerk and Chief Administrative Officer submits to the City Manager and City Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
- B. Public notice is given of the City's budget meetings being open to the public, so that public hearings are conducted at City Hall to obtain taxpayer comments.
- C. Prior to September 15th the budget is legally enacted through adoption by the City Manager and City Council.
- D. The budget is formally revised during the year and properly amended by the City Manager and City Council.
- E. Budgetary comparisons are employed by management as a management control device during the year for all funds.
- F. Appropriations lapse at the end of each fiscal year.

Mississippi laws require that municipalities budget revenue and expenditures on a modified-cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered a generally accepted accounting principal. Governmental accounting requires that the "budget to actual" statements be prepared according to budgetary laws and the statement of revenues, expenditures, and fund balance be prepared according to the modified-accrual basis (GAAP). The major reconciling items between the budgetary and GAAP presentations are presented on the "budget to actual" statements.

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE 3 - PRIOR PERIOD ADJUSTMENTS

A summary of significant equity adjustments is as follows:

Statement of Activities.	
Explanation	Amount
Governmental Activities	
To adjust net pension liability and related deferred outflows, inflows and transfers.	<u>\$1,660,631</u>
Total prior period adjustments - governmental activities	<u>\$1,660,631</u>
Business-type Activities	
To adjust net pension liability and related deferred outflows, inflows and transfers.	561,699
Total prior period adjustments - business-type activities	<u>561,699</u>
Total prior period adjustments governmental and business-type activities	<u>\$ 2,222,330</u>
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.	
Explanation	Amount
To adjust net pension liability and related deferred outflows, inflows and transfers.	<u>\$ 561,699</u>
Total prior period adjustments	<u>\$ 561,699</u>

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits

The carrying amount of the City's total deposits with financial institutions at September 30, 2018 was \$5,644,466 and the bank balance was \$5,408,803. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss Code Ann (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace deposits not covered by the Federal Depository Insurance Corporation

Custodial Credit Risk- Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City.

NOTE 5 - INTER-FUND TRANSACTIONS AND BALANCES

INTER-FUND TRANSACTIONS

Transfer In / Out

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Enterprise Funds	Other Governmental Funds	\$202,231
Other Governmental Funds	Other Governmental Funds	\$2,771,965
	TOTAL	\$2,974,196

Due From/To

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Enterprise Funds	Other Governmental Funds	\$41,479
General Fund	Other Governmental Funds	\$250,000
Other Governmental Funds	General Fund	\$890,323
	TOTAL	\$1,181,802

During the course of normal operations, the City has numerous transactions between funds including expenditures

and transfers of resources. Transfers and payments within the City are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. The governmental and business-type funds financial statements reflect such transactions as transfers.

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2018, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
	10/1/2017			9/30/2018
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 5,328,260	\$ -	\$ -	5,328,260
Depreciable assets:				0
Buildings	19,979,618	0	0	19,979,618
Improvements	10,118,926	0	0	10,118,926
Machinery and equipment	8,188,966	262,068	0	8,451,034
Infrastructure	10,860,029	0	0	10,860,029
Construction in process	0	0	0	0
Totals at historical cost	54,475,799	262,068	0	54,737,867
Less accumulated depreciation for:				
Buildings	1,809,065	638,935		2,448,000
Improvements	4,097,414	669,647		4,767,061
Machinery and equipment	4,282,546	419,265		4,701,811
Infrastructure	2,866,506	95,643		2,962,149
Total accumulated depreciation	13,055,531	1,823,490		14,879,021
Governmental activities capital assets, net	\$ 41,420,268	\$ (1,561,422)	\$ -	\$ 39,858,846
Business-type Activities:				
Non-depreciable assets:				
Land	424,801	-		424,801
Depreciable assets:	0			0
Buildings	93,013	-		93,013
Water and sewer system	42,714,966	0		42,714,966
Machinery and equipment	2,449,020	0		2,449,020
Vehicles	877,818	0		877,818
Construction in process	-	0		0
Totals at historical cost	46,559,618	-	-	46,559,618
Less accumulated depreciation for:				
Buildings	93,013	0		93,013
Water and sewer system	28,920,578	925,216		29,845,794
Machinery and equipment	2,570,088	124,159		2,694,247
Vehicles	794,923	5,318		800,241
Total accumulated depreciation	32,378,602	1,054,693	-	33,433,295
Business-type activities capital assets, net	14,181,016	(1,054,693)	-	13,126,323

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30,2018

NOTE 6: DEPRECIATION

	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>
General government	909,539		909,539
Public property	482,524		482,524
Public safety	35,836		35,836
Streets and sanitation	0		-
Motor vehicle maintenance	0		-
Recreation and senior citizens	0		-
Airport	395,592		395,592
Buildings		-	-
Vehicles		5,318	5,318
Machinery & Equipment		124,159	124,159
Water and Sewer		925,216	925,216
Total depreciation expense	<u>1,823,491</u>	<u>1,054,693</u>	<u>2,878,184</u>

NOTE 7 - DEFINED BENEFIT PENSION PLAN

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan — Public Employees Retirement System

General Information about the Pension Plan

Plan Description. City of Grenada, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public-school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application to an annual retirement allowance payable monthly for life in the amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2018 PERS members were required to contribute 9% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The rate at September 30, 2018 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the years ending September 30, 2018, 2017, and 2016 were \$964,473, \$963,723 and \$981,107, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2018, the City reported a liability of \$15,894,633 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participation entities, actuarially determined. The City's proportionate share used to calculate the September 30, 2018 net pension liability was 0.095561 (%) percent, which was based on a measurement date of June 30, 2018. There was no increase or decrease in the percentage from its proportion share used to calculate the September 30, 2017 net pension liability, which was based on a measurement date of June 30, 2017.

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

For the year ended September 30, 2018, the City recognized pension expense of \$1,529,163. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 69,681.00	67,004
Net difference between projected and actual earnings on pension plan investments		315,964
Changes of assumptions	9,377	8,778
Changes in the proportion and differences between actual contributions and proportionate share of contributions	0	
Contributions subsequent to the measurement date	256,910	
Total	<u>\$ 335,968.00</u>	<u>\$ 391,746.00</u>

The \$256,910 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	Amount
2019	183,856
2020	(51,443)
2021	(373,618)
2022	<u>(71,479)</u>
TOTAL	<u>(312,684)</u>

Actuarial Assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases, including inflation	3.25 - 18.50 percent
Investment rate of return, net of pension plan investment expense, including inflation	7.75 percent

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scaled BB to 2022, with males' rates set forward one year.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	27.00 %	4.60 %
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Assets	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	-
	<u>100.00 %</u>	

count Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease 6.75%</u>	<u>Discount Rate 7.75%</u>	<u>1 % Increase 8.75%</u>
Proportionate share of the net pension liability	\$ 20,928,675	\$ 15,894,633	\$ 11,710,683

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30,2018

NOTE 8 - LONG-TERM DEBT

The City's long-term debt consists of general obligation bonds, capital leases and compensated absences. General obligation bonds are direct obligations backed by the full faith and credit of the City. The City also incurs debt in the form of various leases which are repaid through daily operations.

The City is subject to a general statutory debt limitation under which no City in the State may incur general obligation indebtedness in an amount which exceeds 15 percent of the assessed value of the taxable property within the City according to the last completed assessment for taxation.

In computing general obligation indebtedness for purposes of such 15 percent limitation, there may be deducted all bonds or other evidences of indebtedness issued for school, water, and sewerage systems, gas and light and power purposes and for construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying a City's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case may a City contract any indebtedness payable in whole or in part from proceeds of ad valorem taxes which, when added to a) of its outstanding general obligation indebtedness, both bonded and floating, exceeds 20 percent of the assessed value of the taxable property within such City.

In arriving at the limitations set forth, bonds issued for school purposes, bonds payable exclusively from the revenues of any municipally-owned utility, general obligation industrial bonds issued under provisions of Section 57-1-1 to 57-1-51, Mississippi Code of 1972, Annotated, revised 1989 and special assessment improvement bonds issued under the provisions of Sections 21-41-1 to 21-41-53, Mississippi Code of 1972, Annotated, revised 1990, are not included. Also excluded from both limitations are contract obligations subject to annual appropriations.

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE 8 - LONG-TERM DEBT (continued)

Date Issued	Definition and purpose	Beginning Balance Oct.1, 2017	Additions	Reductions	Ending Balance Sept. 30, 2018	Amounts Due Within One Year
CITY OF GRENADA						
GOVERNMENTAL ACTIVITIES:						
GENERAL OBLIGATION BONDS:						
12/1/2007	\$3,500,000 Public Improvement Bonds Series 2007. Principal payments due annually, varying in amounts from \$240,000 to \$480,000 beginning on December 1, 2008. Final installment due December 1, 2027. Interest payable at various rates from 3.625% to 4.5%. Paying to Renasant Bank-Replaced by \$2,225,000 GO Refunding Bonds, Series 2017	2,310,000	0	2,310,000	0	0
11/12/2009	GO Re-funding Bonds Series 2009. Principal payments due annually, varying in amounts from 50,000 to 380,000 beginning on December 1, 2009. Final installment due December 1, 2018. Interest payable at various rates from .75% to 3.75%. Paying to Peoples Bank.	740,000	0	360,000	380,000	380,000
6/1/2011	\$7,400,000 Public Improvements Bonds, Series 2011. Principal payments due annually, varying in amounts from \$225,000 to \$550,000 beginning on June 1, 2012. Final installment due June 1, 2031. Interest payable on December 1 and June 1 at various rates from 4.4% to 3.7%. Paying to First National Bank of Clarksdale	5,825,000	0	300,000	5,525,000	325,000
10/24/2017	\$2,225,000 GO Refunding Bonds Series 2017 Principal payments due annually, varying in amounts from 25,000 to 245,000 beginning on December 1, 2017. Final installment due December 1, 2027. Interest payable at various rates from 1.35.% to 2.50% Paying to First National Bank of Clarksdale	0	2,225,000	25,000	2,200,000	190,000
TOTAL BONDS		8,875,000	2,225,000	2,995,000	8,105,000	895,000

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE 8 - LONG-TERM DEBT (continued)

Date Issued	Definition and purpose	Beginning Balance Oct. 1, 2017	Additions	Reductions	Ending Balance Sept. 30, 2018	Amounts Due Within One Year
NOTES PAYABLE:						
7/22/1999	State of Mississippi-Capital Improvements Revolving Loan for manufacturing building. Rent from building pays 240 monthly payments of \$3,202.01 starting September 1, 1999 including interest at 4.65%.	70,545	0	29,210	41,335	35,921
10/6/2014	Miss. Development Authority CAP Loan for Suburban Plastics \$693,427.00 at 3% for 120 monthly payments of \$6,695.78. Suburban Plastics will pay City of Grenada 120 payments of \$6,695.78 per month to repay Cap Loan	593,352	0	65,416	527,936	64,744
10/9/2017	Miss. Development Authority CAP Loan for Sunshine Aviation \$144,815.22 at 3% for 120 monthly payments of \$1,398.35. Sunshine Aviation will pay City of Grenada 120 payments of \$1,500.00 per month to repay Cap Loan		144,815	9,421	135,394	12,895
TOTAL NOTES PAYABLE		663,897	144,815	104,047	704,666	113,560
CAPITAL LEASES						
12/28/2010	Fire Truck, Rescue Pumper \$499,295, Regions Bank; 3.78% int, 10 ann. rent pmts @ 60,866.22	222,161	0	51,963	170,198	54,473
1/23/2013	2004 Int Bucket Truck \$71,000.00, Regions Bank 2.43% int. 60 monthly pymts at \$1257.87.	5,001	0	5,001	0	0
12/15/2013	Radio Equipment-Motorola Leasing 5 annual payments of \$40,552.70	77,093	0	37,893	39,200	39,200
TOTAL CAPITAL LEASES		304,255	0	94,857	209,398	93,673

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE 8 - LONG-TERM DEBT (continued)

Date Issued	Definition and purpose	Beginning Balance Oct.1, 2017	Additions	Reductions	Ending Balance Sept. 30, 2018	Amounts Due Within One Year
OTHER LIABILITIES:						
	Compensated Absences	643,855	0	45,946	597,909	
	Total Governmental Activities & Long-Term Liabilities	<u>\$10,487,007</u>	<u>\$2,369,815</u>	<u>\$ 3,239,850</u>	<u>\$ 9,616,973</u>	<u>\$ 1,102,233</u>
BUSINESS TYPE ACTIVITIES:						
REVENUE BONDS (WATER & SEWER ENTERPRISE FUND):						
5/21/2013	\$7,020,000 Combined Water and Sewer System Revenue Refunding Bonds, Series 2013, FNB Clarksdale 2.49% net interest, final payment 9/01/2030	5,275,000	0	355,000	4,920,000	0
	Total Bonds Payable	5,275,000	0	355,000	4,920,000	0
CAPITAL LEASES						
2/6/2014	8,201 Water meters and 2,952 Light Fixtures Bancorpsouth Equipment \$3,582,000.00 for 15 years 10 months at 57 quarterly payments of \$80,992.09	3,089,942	0	224,790	2,865,152	232,200
4/2/2014	Golf Course Equipment-Wells Fimancial Leasing \$794.21 per month for 48 months	4,710	0	4,710	0	0
6/3/2016	Four Ford 2016 F350 Trucks-Ford Motor Credit \$2,513.93 monthly for 60 mo. At 5.45%	97,629	0	21,676	75,953	26,778
	Total Other Notes Payable and Capital Leases	<u>3,192,281</u>	<u>0</u>	<u>251,176</u>	<u>2,941,105</u>	<u>258,978</u>
	Total Bonds and notes payables	<u>8,467,281</u>	<u>0</u>	<u>606,176</u>	<u>7,861,105</u>	<u>258,978</u>
	Compensated absences	<u>133,843</u>	<u>8,613</u>	<u>-</u>	<u>142,456</u>	<u>-</u>
	Total Business-type Activities LTD	<u>\$ 8,601,124</u>	<u>\$ 8,613</u>	<u>\$ 606,176</u>	<u>\$ 8,003,561</u>	<u>\$ 258,978</u>
	TOTAL GOVERNMENTAL AND BUSINESS TYPE DEBT	\$19,088,131	\$2,378,428	\$ 3,846,026	\$ 17,620,534	\$ 1,361,211
OPERATING LEASES						
At September 30, 2016, the City Proprietary fund was obligated to rent equipment as follows:						
8/11/2014	Yamaha Motor Corporation-60 payments of \$2,626.49 at 4.6% fo 50 golf carts	55,156	0.00	23,638	23,638	23,638
	GRAND TOTALS	<u>19,143,287</u>	<u>2,378,428</u>	<u>3,869,664</u>	<u>17,644,172</u>	<u>1,384,849</u>

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE 8 - LONG-TERM DEBT (continued)

ANNUAL DEBT SERVICE

<i>Year Ended September 30</i>	Governmental Activities		Business-Type Activities		Total
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	
2019	1,102,233	284,827	624,078	218,150	2,229,288
2020	661,945	246,059	633,334	171,594	1,712,932
2021	696,102	225,139	640,294	184,360	1,745,895
2022	670,465	205,414	645,047	168,574	1,689,500
2023	677,524	186,418	654,926	134,687	1,653,555
2024 - 2028	3,635,793	612,220	3,573,423	474,738	8,296,174
2028 - 2032	1,575,000	119,023	1,090,002	43,982	2,828,007
	0	0	0	0	0
Total	\$ 9,019,062	\$ 1,879,100	\$ 7,861,104	\$ 1,396,085	\$ 20,155,351

NOTE 9 - OTHER EMPLOYMENT BENEFITS

Plan Description

The City Council administers the City's health insurance plan which was authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The City's health insurance plan may be amended by the City Council. The City purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the City's health insurance plan (the Plan).

Funding Policy

Employee premiums are funded by the City, with added funding provided by active employees for spouse and dependent medical coverage. The Plan is financed on a pay-as-you-go basis. The City Council, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance premiums for the City's health insurance plan.

NOTE 10 - CONTINGENCIES

Federal Grants - The City has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the City. No provision for any liability that may result has been recognized in the City's financial statements.

Litigation - The City is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the City with respect to the various proceedings. However, the City's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the City.

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE 11 - SUBSEQUENT EVENTS

Events that occurred after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of City of Grenada evaluated the activity of the City through February 21, 2020 which is the date the Financial Statements were available to be issued and determined the following events occurred requiring disclosure in the notes to the financial statements:

SUBSEQUENT EVENTS:

On August 12, 2019, the City authorized a Series 2019 General Obligation Bond for \$6,000,000 maturing 9/1/2039 at rates of 2.5% to 3.0%.

On August 13, 2019, the City authorized a resolution for a special election that passed an additional 1% Sales Tax to construct, finance, and operate a sports park and declared the intention to enter into a loan agreement with Mississippi Development Bank for a maximum principal amount of \$6,500,000.

On September 9, 2019, the City leased a new fire truck for \$644,052 at 3.455% interest.

On November 12, 2019 the City authorized the sale of \$6,500,000 in Special Obligation Bonds for a sports park.

CITY OF GRENADA, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GRENADA MISSISSIPPI
BUDGET COMPARISON SCHEDULE - CASH BUDETARY BASIS UNAUDITED
YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amount	
GENERAL FUND				
Revenue				
GENERAL FUND REV				
TAXES	\$4,680,745	\$4,390,227	\$4,390,227	\$0
TAXES - PRIOR YEARS	\$10,000	\$1,198	\$1,198	\$0
LICENSE AND PERMITS	\$1,029,000	\$897,098	\$897,098	\$0
STATE REVENUE	\$4,960,300	\$5,197,882	\$5,197,882	\$0
ROAD TAX	\$185,000	\$194,107	\$194,107	\$0
FINES AND FORFEITS	\$900,000	\$523,930	\$523,930	\$0
ACCIDENT & OFFENSE REPORT	\$6,000	\$8,090	\$8,090	\$0
MISCELLANEOUS REVENUE	\$244,300	\$668,500	\$668,500	\$0
MISC REV	\$0	\$0	\$0	\$0
GENERAL FUND REV Total	\$12,015,345	\$11,881,033	\$11,881,033	\$0
Revenue Total				
	\$12,015,345	\$11,881,033	\$11,881,033	\$0
Expenditure				
G & A				
PERSONNEL SERVICES	(\$980,915)	(\$1,185,440)	(\$1,185,440)	\$0
CONSUMABLE SUPPLIES	(\$18,500)	(\$27,795)	(\$27,795)	\$0
CONTRACTUAL/OTHER SERVICE	(\$199,800)	(\$498,644)	(\$498,644)	\$0
CAPITAL OUTLAY	(\$4,000)	(\$6,380)	(\$6,380)	\$0
G & A Total	(\$1,203,215)	(\$1,718,259)	(\$1,718,259)	\$0
P & Z				
PERSONNEL SERVICES	(\$166,645)	(\$150,101)	(\$150,101)	\$0
CONSUMABLE SUPPLIES	(\$5,200)	(\$3,385)	(\$3,385)	\$0
CONTRACTUAL/OTHER SERVICE	(\$12,000)	(\$4,079)	(\$4,079)	\$0
CAPITAL OUTLAY	(\$1,000)	(\$260)	(\$260)	\$0
P & Z Total	(\$184,845)	(\$157,825)	(\$157,825)	\$0
APPROPRIATIONS				
CONTRACTUAL/OTHER SERVICE	(\$575,716)	(\$100,200)	(\$100,200)	\$0
APPROPRIATIONS Total	(\$575,716)	(\$100,200)	(\$100,200)	\$0
POLICE				
PERSONNEL SERVICES	(\$2,453,467)	(\$2,417,539)	(\$2,417,539)	\$0
CONSUMABLE SUPPLIES	(\$189,550)	(\$202,214)	(\$202,214)	\$0
CONTRACTUAL/OTHER SERVICE	(\$563,300)	(\$430,220)	(\$430,220)	\$0
CAPITAL OUTLAY	(\$85,500)	(\$71,972)	(\$71,972)	\$0
POLICE Total	(\$3,291,817)	(\$3,121,945)	(\$3,121,945)	\$0
DOMESTIC VIOLENCE				
PERSONEL SERVICES	\$0	\$0	\$0	\$0
CONTRACTUAL/OTHER SERVICE	\$0	\$0	\$0	\$0
DOMESTIC VIOLENCE Total	\$0	\$0	\$0	\$0
COURT				
PERSONNEL SERVICES	(\$254,849)	(\$242,846)	(\$242,846)	\$0
CONSUMABLE SUPPLIES	(\$7,200)	(\$7,451)	(\$7,451)	\$0
CONTRACTUAL/OTHER SERVICE	(\$374,650)	(\$72,384)	(\$72,384)	\$0
CAPITAL OUTLAY	(\$35,000)	(\$411)	(\$411)	\$0
COURT Total	(\$671,699)	(\$323,092)	(\$323,092)	\$0

CITY OF GRENADA MISSISSIPPI
BUDGET COMPARISON SCHEDULE - CASH BUDETARY BASIS UNAUDITED
YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amount	
GENERAL FUND				
FIRE				
PERSONNEL SERVICES	(\$2,473,525)	(\$2,270,949)	(\$2,270,949)	\$0
CONSUMABLE SUPPLIES	(\$93,300)	(\$52,446)	(\$52,446)	\$0
CONTRACTUAL/OTHER SERVICE	(\$127,000)	(\$46,318)	(\$46,318)	\$0
CAPITAL OUTLAY	(\$30,000)	(\$8,607)	(\$8,607)	\$0
FIRE Total	(\$2,723,825)	(\$2,378,319)	(\$2,378,320)	\$0
STREET				
PERSONNEL SERVICES	(\$493,452)	(\$458,625)	(\$458,625)	\$0
CONSUMABLE SUPPLIES	(\$112,400)	(\$103,321)	(\$103,321)	\$0
CONTRACTUAL/OTHER SERVICE	(\$656,500)	(\$462,130)	(\$462,130)	\$0
CAPITAL OUTLAY	(\$200,500)	(\$209,291)	(\$209,291)	\$0
STREET Total	(\$1,462,852)	(\$1,233,366)	(\$1,233,366)	\$0
PARKS & REC				
PERSONNEL SERVICES	(\$332,175)	(\$316,477)	(\$316,477)	\$0
CONSUMABLE SUPPLIES	(\$130,550)	(\$190,088)	(\$190,088)	\$0
CONTRACTUAL/OTHER SERVICE	(\$25,050)	(\$20,025)	(\$20,025)	\$0
CAPITAL OUTLAY	(\$45,000)	(\$28,888)	(\$28,888)	\$0
PARKS & REC Total	(\$532,775)	(\$555,477)	(\$555,477)	\$0
COMMUNITY SERVICES				
PERSONNEL SERVICES	(\$173,258)	(\$177,070)	(\$177,070)	\$0
CONSUMABLE SUPPLIES	(\$14,300)	(\$6,634)	(\$6,634)	\$0
CONTRACTUAL/OTHER SERVICE	(\$17,500)	(\$5,714)	(\$5,714)	\$0
CAPITAL OUTLAY	(\$20,050)	(\$20,978)	(\$20,978)	\$0
COMMUNITY SERVICES Total	(\$225,108)	(\$210,397)	(\$210,397)	\$0
PUBLIC PROPERTY				
PERSONNEL SERVICES	(\$463,059)	(\$427,152)	(\$427,152)	\$0
CONSUMABLE SUPPLIES	(\$85,600)	(\$79,130)	(\$79,130)	\$0
CONTRACTUAL/OTHER SERVICE	(\$318,000)	(\$498,819)	(\$498,819)	\$0
CAPITAL OUTLAY	(\$133,000)	(\$91,297)	(\$91,297)	\$0
PUBLIC PROPERTY Total	(\$999,659)	(\$1,096,398)	(\$1,096,397)	\$0
MVM				
PERSONNEL SERVICES	(\$131,134)	(\$128,315)	(\$128,315)	\$0
CONSUMABLE SUPPLIES	(\$4,900)	(\$9,266)	(\$9,266)	\$0
CONTRACTUAL/OTHER SERVICE	(\$7,300)	(\$3,296)	(\$3,296)	\$0
CAPITAL OUTLAY	(\$500)	(\$178)	(\$178)	\$0
MVM Total	(\$143,834)	(\$141,053)	(\$141,053)	\$0
TRANSFER ACCOUNT				
CONTRACTUAL/OTHER SERVICE	\$0	\$0	\$0	\$0
TRANSFER ACCOUNT Total	\$0	\$0	\$0	\$0
Expenditure Total	(\$12,015,345)	(\$11,036,331)	(\$11,036,331)	\$0
GENERAL FUND Total	\$0	\$844,702	\$844,702	\$0

CITY OF GRENADA, MISSISSIPPI
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
FOR THE YEARS ENDED SEPTEMBER 30, 2018

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	69,681	67,004
Net difference between projected and actual investment earnings	0	315,964
City pension contributions subsequent to the measure date		
Changes in assumptions	9,377	8,778
Changes in proportion and differences between actual contributions and proportionate share of contributions	0	
City pension contributions subsequent to the	256,910	
Total	<u>335,968</u>	<u>391,746</u>

The \$114,893 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal year ending September 30,	Amount
2019	183,856
2020	(51,443)
2021	(373,618)
2022	<u>(71,479)</u>
Total	(312,684)

CITY OF GRENADA, MISSISSIPPI
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Last 10 Fiscal Years*	1018	2017	2016	2015
City's proportion of the net pension liability	0.095561%	0.095851%	0.091875%	0.090894%
City's proportionate share of the net pension liability	15,894,633	15,535,155	16,411,169	14,050,420
City's covered employee payroll	5,732,925	5,787,755	5,895,514	5,679,220
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	277.25%	275.30%	278.37%	247.40%
Plan Fiduciary net position as a percentage of the pension liability	62.54%	61.49%	57.47%	61.70%

The notes to the required supplementary information are an integral part of this schedule.

* The amounts presented for each year were determined as of June 30th of the year prior to the fiscal year presented.
This schedule is presented to illustrate the requirement to show the information for 10 years. However, GASB NO. 68 was implemented in the fiscal year ended September 30, 2015, and until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

CITY OF GRENADA, MISSISSIPPI
SCHEDULE OF CITY'S PENSION CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Last 10 Fiscal Years*	1018	2017	2016	2015
Contractually required contribution	964,473	963,723	928,544	894,477
Contributions in relation to the contractually required contribution	964,473	963,723	925,696	894,479
Contribution deficiency (excess)	0	0	2,848	(2)
City's covered employee payroll	6,123,638	6,118,876	5,895,514	5,679,220
Contributions as a percentage of covered employee payroll	100.00%	100.00%	99.69%	100.00%

* The amounts presented for each year were determined as of June 30th of the year prior to the fiscal year presented. This schedule is presented to illustrate the requirement to show the information for 10 years. However, GASB NO. 68 was implemented in the fiscal year ended September 30, 2015, and until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

CITY OF GRENADA, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018
UNAUDITED

A. Budgetary Information.

Statutory requirements dictate how and when the City's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the City Clerk or Chief Administrative Officer prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the City Council that budgetary estimates will not be met, it may make revisions to the budget.

The City's budget is prepared principally on the cash basis of accounting. All appropriations lapse at yearend, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the originally legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
 2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and the Debt & Debt Service Fund:

<u>Governmental Fund Type</u>	<u>General Funds</u>
Budget (Cash Basis)	\$844,702
Increase (Decrease)	
Net adjustments for revenue accruals	\$1,206,746
Net adjustments for expense accruals	(\$1,883,604)
Net Change in Fund Balance - GAAP Basis	<u>\$167,844</u>

D. Excess of Actual Expenditures over Budget in Individual Funds.

No funds with actual expenditures over Budgeted amounts were identified.

CITY OF GRENADA, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018
UNAUDITED

Pension Schedules - PERS

A. Changes in benefit provisions.

2016

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	33.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

B. Changes of assumptions.

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.

Assumed rates of salary increase were adjusted to reflect actual and anticipated experience more closely.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

CITY OF GRENADA, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018
UNAUDITED

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumptions were reduced from 3.75% to 3.25%

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual and anticipated experience more closely.

CITY OF GRENADA, MISSISSIPPI

OTHER INFORMATION

CITY OF GRENADA, MISSISSIPPI
SCHEDULE OF SURETY BONDS
SEPTEMBER 30, 2018

Name	Position	Company	Bond Amt.
Anderson, Laverne	Personnel Manager	RLI Insurance	\$50,000.00
Baker, John	City Manager	RLI Insurance	\$50,000.00
Bell, Kimberly	Zoning & Planning Clerk	RLI Insurance	\$50,000.00
Body, John	Program Developer	RLI Insurance	\$50,000.00
Bowers, Debra	Deputy Court Clerk	RLI Insurance	\$50,000.00
Bridges, Emma	Purchasing Clerk	RLI Insurance	\$50,000.00
Collins, Billy	Mayor	Brierfield	\$100,000.00
Correro, Patricia	Deputy Court Clerk	RLI Insurance	\$50,000.00
Cox, Warren	Councilman	Brierfield	\$100,000.00
Edwards, Carole	Deputy City Clerk	RLI Insurance	\$50,000.00
Everett, Tracy	Asst. Program Developer	RLI Insurance	\$50,000.00
Freelon, Lois	City Clerk	RLI Insurance	\$50,000.00
George, Trina	Director of Personnel	RLI Insurance	\$50,000.00
Harges, Allie	Deputy City Clerk	RLI Insurance	\$50,000.00
Hargrove, Ernest	Councilman	Brierfield	\$100,000.00
Harper, Donna	Finance Director	RLI Insurance	\$50,000.00
Harris, Evelyn	Pool Manager	RLI Insurance	\$50,000.00
Hartley, David	Interim Chief of Police	RLI Insurance	\$50,000.00
House, Mykisha	Deputy Court Clerk	RLI Insurance	\$50,000.00
Hughes, Joshua	Councilman	Brierfield	\$100,000.00
Johnson, Lewis	Councilman	Brierfield	\$100,000.00
Liddell, Cassandra	Director - Community Service	RLI Insurance	\$50,000.00
Lumas, Phyllis	Asst. Program Developer	RLI Insurance	\$50,000.00
McCormick, Angelica	Clerk- Water Department	RLI Insurance	\$50,000.00
McKinley, Marilyn	Senior Deputy Court Clerk	RLI Insurance	\$50,000.00
Merriman, Ronald	Councilman	Brierfield	\$100,000.00
Mixon, Lesa	Customer Service Supervisor	RLI Insurance	\$50,000.00
Nichols, Elva Jean	Deputy City Clerk	RLI Insurance	\$50,000.00
Ratliff, Luther	Water Department Superintendent	RLI Insurance	\$50,000.00
Reed, Valda	Deputy Court Clerk	RLI Insurance	\$50,000.00
Richardson, Ciella	Secretary	RLI Insurance	\$50,000.00
Robinson, Michelle	Deputy Court Clerk	RLI Insurance	\$50,000.00
Sanders, Martha	Executive Secretary	RLI Insurance	\$50,000.00
Sandford, Jeff	Director- Golf Course	RLI Insurance	\$50,000.00
Steen-Purnell, Rochelle	Director- Public Property	RLI Insurance	\$50,000.00
Vance, Larry	Councilman	Brierfield	\$100,000.00
Vest, Sue Ann	Water Department Clerk	RLI Insurance	\$50,000.00
Weathers, Charles	City Manager	RLI Insurance	\$50,000.00
Wiggins, Cynthia	Water Department Clerk	RLI Insurance	\$50,000.00
Wilson, Fredreick	Councilman	Brierfield	\$100,000.00
Wilson, Herbert	Program Developer/Asst. Director of Parks & Recreation	RLI Insurance	\$50,000.00
Woods, Serena	Secretary Police Department	RLI Insurance	\$50,000.00

**CITY OF GRENADA, MISSISSIPPI
SCHEDULE OF RECONCILIATION OF ORIGINAL AD VALOREM
TAX ROLLS TO FUND COLLECTIONS
YEAR ENDED SEPTEMBER 30, 2018**

	<u>Assessed Value</u>	<u>Millage Rate</u>	<u>Tax</u>
ADJUSTED ASSESSED VALUATION:			
Realty	\$65,872,656	61.19	\$4,030,748
Personal - other than auto	\$18,008,424	61.19	\$1,101,935
Public utilities	\$7,710,873	61.19	\$471,828
Personal - auto (remitted by County)	\$13,161,023	61.19	\$805,323
 Total	\$104,752,976	61.19	\$6,409,835
LESS: Homestead exemption allowed			(\$275,012)
County tax collector's commission-auto			(\$40,266)
Add: Actual homestead reimbursement			\$190,978
Prior year tax collections			\$1,532
Penalties and interest on delinquent taxes			\$10,360
 Total to be accounted for			<u>\$6,297,427</u>
CREDITS:			
	<u>Taxes</u>		
	<u>Penalties, and Interest</u>	<u>Homestead Reimbursement</u>	<u>Total</u>
General Fund	\$4,954,655	\$149,343	\$5,103,998
City Bond Fund	\$1,230,459	\$37,187	\$1,267,646
Total City	\$6,185,114	\$186,530	\$6,371,644
Library Fund	\$149,221	\$4,448	\$153,669
 Total	<u>\$6,334,335</u>	<u>\$190,978</u>	<u>\$6,525,313</u>
BALANCE REPRESENTED BY: Unpaid taxes and under (over) collections			<u>(\$227,886)</u>
 Total accounted for			<u>\$6,297,427</u>

**CITY OF GRENADA, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Date Issued	Description	Balance	Transactions during year		Balance
		Outstanding			Outstanding
		Oct. 1, 2017	Issued	Redeemed	Sept. 30, 2018
General Obligations Bonds:					
12/1/2007	GO Public Improvement	2,310,000	0	2,310,000	0
11/12/2009	GO Public Improvement	740,000	0	360,000	380,000
6/1/2011	GO Public Improvement	5,825,000	0	300,000	5,525,000
10/24/2017	GO 2017 Refunding	0	2,225,000	25,000	2,200,000
Total General Obligation Bonds		8,875,000	2,225,000	2,995,000	8,105,000
Notes Payable:					
7/22/1999	STMS Capital Improvement loan	70,545	0	29,210	41,335
10/6/2014	MDA Cap Loan Suburban	593,352	0	65,416	527,936
10/6/2014	MDA Cap Loan Sunshine	0	144,815	9,421	135,394
Total Notes Payable		663,897	144,815	104,047	704,665
Long Term Leases:					
12/28/2010	Fire Truck Rescue Pumper	222,161	0	51,963	170,198
1/23/2013	Int Bucket Truck	5,001	0	5,001	0
12/15/2013	Police Radios at Motorola	77,093	0	37,893	39,200
Total Long Term Leases		304,255	0	94,857	209,398
Total Governmental Activities Long Term Liabilities		9,843,152	2,369,815	3,193,904	9,019,063
PROPRIETARY FUNDS LONG TERM DEBT:					
Special Obligation Bonds:					
5/21/2013	Refunding Combined Water & Sewer	5,275,000	0	355,000	4,920,000
Total Special Obligations Bonds		5,275,000	0	355,000	4,920,000
LONG TERM LEASES:					
2/6/2016	Bancorpsouth Water Meters and Lighting	3,089,942	0	224,790	2,865,152
6/3/2016	Four Ford 2015 F350 Trucks	97,629	0	21,676	75,953
Total Water Fund Long Term Debt		3,187,571	0	246,466	2,941,105
GOLF LEASES					
4/2/2014	Golf Equipment financed by Wells Fargo	4,710	0	4,710	0
Total Golf Leases		4,710	0	4,710	0
Total Proprietary Debt		\$ 8,467,281	\$ -	\$ 606,176	\$ 7,861,105
Total Long Term Debt		\$ 18,310,433	2,369,815	3,800,080	\$ 16,880,168
OPERATING LEASES					
8/11/2014	Yamaha Golf Carts	\$ 55,156	0	31,518	\$ 23,638

CITY OF GRENADA, MISSISSIPPI

SPECIAL REPORTS

RONNIE S. WINDHAM, CPA, PLLC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and City Council
City of Grenada, MS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grenada, MS, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Grenada, Mississippi's basic financial statements and have issued our report thereon dated February 21, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of City of Grenada, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of City of Grenada, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the of City of Grenada, Mississippi's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. Findings 2018-1, 2018-2, and 2018-3.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. Findings 2018-1, 2018-2, and 2018-3

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Grenada, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items: Finding 2018-1.

City of Grenada, Mississippi's Response to Findings

City of Grenada, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Grenada, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Ronnie S. Windham, CPA, PLLC
Oxford, MS 38655
February 21, 2020



RONNIE S. WINDHAM, CPA, PLLC

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and City Council
City of Grenada, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Grenada, Mississippi, as of and for the year ended September 30, 2018, which collectively comprise the City of Grenada, Mississippi's basic financial statements and have issued our report thereon dated February 21, 2020. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the financial statements disclosed material instances of noncompliance with state laws and regulations and which are described in the accompanying schedule of findings and responses as items 2018-1.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken.

This report is intended solely for the information and use of management, City Council, others within the entity, State of Mississippi Department of audit, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

RONNIE S. WINDHAM, CPA, PLLC
Oxford, Mississippi
February 21, 2020

CITY OF GRENADA, MISSISSIPPI

SCHEDULE OF FINDINGS AND RESPONSES

**CITY OF GRENADA, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|-----------------|
| 1. Type of auditor's report issued on the financial statements: | |
| Governmental activities | Unmodified |
| Business-type activities | Unmodified |
| Aggregate discretely presented component unit | Unmodified |
| General Fund | Unmodified |
| Debt & Debt Service Fund | Unmodified |
| Aggregate remaining fund information | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiency identified? | Yes
reported |
| 3. Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by Government Auditing Standards.

**CITY OF GRENADA, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2018**

**Significant Deficiency- Material Weakness
Compliance and Other Matters**

Finding No. 2018-1

Statement of Condition

The City failed to pay fine assessments monthly to the state as required by state law.

Cause of Condition

The employee that had previously been responsible for paying the assessments left and no one else was aware that payment was required monthly.

Effect of Condition

The City was out of compliance with assessments.

Criteria

The City should monitor its compliance with state laws

Auditor's Recommendation

The City should use a monthly checklist of duties to stay in compliance.

Response

The City will pay monthly assessments in the future.

**CITY OF GRENADA, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2018**

Significant Deficiency- Material Weakness

Finding 2018-2

Statement of Condition

Several transfers from one fund or account did not show up correctly in the receiving fund or account.

Cause of Condition

The posting of transfers out were not handled correctly in the receiving account.

Effect of Condition

The transfers are difficult to reconcile, may show up incorrectly as revenue.

Criteria

Effective internal controls would find and correct situation when books are reviewed in a timely manner.

Auditors Recommendation

Clerks should be trained to handle transfers properly and management should review the books for errors.

**CITY OF GRENADA, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2018**

Significant Deficiency- Material Weakness

Finding No. 2018-3

Statement of Condition

The City's financial accounting records required many adjusting entries.

Criteria

Numerous errors in account balances and transaction postings in the City's general ledger were found.

Cause of Condition

During our audit of the City's financial statements, we noted monthly review procedures were not being performed every month. This created a breakdown in internal controls over the general ledger and financial statements.

Effect of Condition

Because of the inadequate financial accounting records, City management did not have accurate financial information available to use in making proper financial decisions and errors in the financial records went undetected. This also resulted in the delay of the timely completion of the City's annual audit.

Criteria

Numerous errors in account balances and transaction postings in the City's general ledger were found.

Auditor's Recommendation

The City should perform monthly review procedures every month to ensure the reconciliation of intra fund accounts, correction of miscoded items and reconciliation of subsidiary ledgers to the general ledger.